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ABSTRACT

Seven activities are presented in this student workbook designed for an exploration of small business ownership and the use of the calculator in this career. Included are simulated situations in which students must use a calculator to compute property taxes; estimate payroll taxes and franchise taxes; compute pricing, approximate salaries, inventory, and credit; estimate billing; and determine accrued interest. Simulation settings include ownership of a repair shop, a clothing store, and a fabric shop. (JH)

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ED160869

CALCULATOR

Owning a small Business

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CE 018 285

OWNING A SMALL BUSINESS

Goal: Given various small Business Pursuits, the student will become proficient in using the calculator to solve financial problems and will be exposed to careers that relate to each pursuit.

Objective:

1. Given the details of community corporate tax structure, the student will use the calculator to compute property tax for all Cuyahoga taxing districts, with emphasis on accounting techniques.

2. Given details of federal corporate tax structure, the student will use the calculator to estimate various payroll taxes, with emphasis on accounting procedures.

3. Given details of state corporate tax structure, the student will use the calculator to estimate various franchise taxes, with emphasis on Knowledge of State Law.

4. Given a "Repairshop" franchise, the student will use the calculator to compute "pricing".

5. Given a "Clothing" franchise, the student will use the calculator to approximate salaries, Inventory, and credit.

6. Given a "Fabric Shop" franchise, the student will use the calculator to estimate billing. "Take Home Pay", and purchasing from vendors.

7. Given various situations involving the purchase of Corporate Bonds, the student will determine the "Accrued" interest.

Activities

1. Cuyahoga County personal property tax levied on corporations.
2. Federal Payroll tax levied on corporations.
3. Ohio State franchise tax levied on corporations.
4. Owning a Repair Shop
5. Owning a Clothing Store
6. Owning a Fabric Shop
7. Purchasing Corporate Bonds

CORPORATE BUSINESS

A corporation is a group of people organized to operate a business, under charter granting them some of the legal rights of an individual. A corporation can be large as General Motors, Dupont, Goodyear Rubber, Disney, or IBM, which own and operate hundreds of smaller subsidiary companies or as small, as two private businessmen who run a frozen custard stand.

Generally speaking the charter given to the group to operate their business, is generally governed by the local community (Parma, Seven Hills, Cleveland, Brookpark,) the state Ohio of course and the county. Consequently, the corporation must pay various taxes to the federal government, state government, and the local community in order to operate their business therein.

The corporation then hires an accountant to figure out the amount of money that is necessary to pay the charter designers. There are many taxes that governing bodies impose on corporations. Any one planning a start to a corporate business whether large or small should have some idea of the corporate tax structure. The following set of exercises have been formulated to give you a better general knowledge of the business tax structure of this county, and an idea of the characteristics of the accounting profession.

Let's pretend that you are planning to become a corporate partner in Paranoid Pizza corporation and you and your partners are trying to decide where to <u>locate</u> the business. One of the major factors in choosing the location is the amount of personal property tax paid to the local Community. The following is <u>Taxing Rate Table</u> for all Cuyahoga County Communities. The number that you see across from each community is amount of money paid to that community for <u>Every $100 that you're business is worth.</u>

CUYAHOGA COUNTY
1976

TAXING DISTRICTS & RATES
FOR

PERSONAL PROPERTY TAX RETURNS

Per $100 Valuation

1.	Bay Village	7.48
2.	Beachwood	7.52
78.	Beachwood Orange S.D	6.66
3.	Bedford	6.42
4.	Bedford Hts. Bedford S.D	6.30
5.	Bedford Hts. Orange S.D	7.28
6.	Bentleyville	7.27
7.	Bera	6.64
8.	Olmsted Falls	6.00
9.	Bratenahl	9.46
10.	Brecksville	6.18
11.	Broad Hts. Brecksville S.D	6.47
12.	Broad Hts. NO. Royalton S.D	7.30
13.	Brooklyn Hts.	3.54
14.	Brooklyn	4.92
15.	Brookpark	5.77
16.	Chagrin Falls	7.77
17.	Chagrin Falls TWP	6.63
18.	Cleveland	7.12
19.	Cleveland Berea S.D	6.73
20.	Cleveland Shaker Hts. S.D	8.84
21.	Cleveland Hts.	8.40
22.	Cleve. Hts. E.C.S.D	8.08
23.	Cuyahoga Hts.	2.92
24.	East Cleveland	8.00
25.	Euclid	5.99
26.	Fairview Park	6.68
27.	Fairview Park R.R.S.D	6.79
28.	Garfield Hts.	6.08
29.	Garfield Hts. Cleve. S.D	6.68
30.	Gates Mills	6.81
31.	Glenwillow	4.91
32.	Highland Hts.	6.04
33.	Hunting Valley	7.45
34.	Independence	5.41
35.	Independence	5.41
36.	Lakewood	8.13
37.	Linndale	5.99
38.	Lyndhurst	7.07
39.	Mayfield	6.31
40.	Maple Hts.	5.94
41.	Mayfield Hts.	6.52
42.	Middleburg Hts.	5.81
43.	More Hills C.F.S.D	7.70
44.	More Hills Orange S.D	7.29
45.	Newburgh Hts.	6.17
46.	No Olmsted	7.63
47.	No Randall	5.49
48.	No Royalton	7.36
49.	No Royalton Brecksville S.D	6.53
50.	Oakwood	6.28
51.	Olmsted Falls	6.93
52.	Olmsted TWP	7.00
53.	Orange	6.64
54.	Parma	5.72
55.	Parma Hts.	6.38
56.	Richmond Hts.	6.40
57.	Richmond Hts. So Euclid S.D	6.91
58.	Riveredge TWP	5.66
59.	Rockey River	6.92
60.	Seven Hills	5.65
61.	Shaker Hts.	8.85
62.	Solon	5.23
63.	Solon Orange S.D	6.71
64.	So Euclid	7.21
65.	So Euclid-Cleve Hts. S.D	8.06
66.	Strongsville	6.97
67.	University Hts.	8.33
68.	Valley View	3.16
69.	Walton Hills	5.19
70.	Warrensville Hts.	6.36
71.	Warrensville Hts. Orange S.D	7.11
72.	Warrensville TWP	6.08
73.	Westlake	7.06
74.	Woodmere	6.54
75.	Beachwood Orange S.D	6.66
76.	Pepper Pike Beachwood S.D	8.03

Lets say that you decide to locate in Bay Village, from the Table, the tax rate is 7.48 for $100 of evaluation. PARANOID PIZZA'S Total worth, Lock, Stock, and Barrel is $25,000. How much would you pay Bay Village Each year to operate your business in that community?

Well, the question to answer is how many hundreds are there in 25,000?
$25{,}000 \div 100 = 250$

Since there are 250 hundreds, Your tax per year would be $250 \times 7.48 = \$1870$. Per month that would be $1870 \div 12 = \$155.83$

$155.83 is the amount that you and your partners would have to set aside Every Month to pay Bay Village for the Privilege of operating your business in their community.

1-75 Using your calculator find the amount of tax paid PER MONTH. That Paranoid Pizza would have to pay in tax to each of remaining communities in Cuyahoga County. Use $25,000 as the evaluation figure each time.

List the TOP TEN CHOICES from the Best to Worst of Communities where the taxes are least prohibitive.

List the BOTTOM TEN CHOICES from Best to Worst of Communities where the taxes are most prohibitive.

PAYROLL TAXES

There are four basic payroll taxes that are imposed on corporations:

FICA (Socail Security) Tax

State Unemployment Tax

Federal Unemployment Tax

Workmens Compensation

The monies payed by corporations for these taxes is used in the following manner:

FICA - Is paid to employees that retire.

State and Federal Unemployment - Is paid to employees that are temparily out of work.

Workmens Compensation - Is paid to employees are not working because of illness, accident, or physical disability.

The amount of taxes paid is based on the amount of wages paid to employees of the corporation.

FICA	State Unemployment	Federal Unemployment	Workmens Comp.
5.85% of wages up to $15,300	2% of wages up to $4,200	.5% of wages up to $4,200	3% of all gross wages

PARANOID PIZZA has 7 employees, daytime and nighttime chefs, 3 waitresses, daytime and nighttime delivery boys which earn the following yearly wages.

Daytime Chef - - - - - - - - - - - - - - - - $ 8,550
Nighttime Chef - - - - - - - - - - - - - - - $10,280
Waitress 1 - - - - - - - - - - - - - - - - - $ 5,260
Waitress 2 - - - - - - - - - - - - - - - - - $ 4,170
Waitress 3 - - - - - - - - - - - - - - - - - $ 2,850
Delivery Boy (days) - - - - - - - - - - - - $ 2,175
Delivery Boy (nights) - - - - - - - - - - - $ 3,780

Lets calculate the total amount of payroll tax that you and your partners would have to pay to state and the federal governments for employing the Daytime Chef:

FICA Tax 5.85% of $8550 which routinewise is: 8550 X 5.85% or $500.18

State Umemployment: 2% of $4,200 which is: 4200 X 2% or $84.00

Federal Unemployment: .5% of $4200 which is 4200 X . 5 or $21.00

Workmens Compensation: 3% of $8550 or 8550 X 3% or $256.50

The total payroll tax for the daytime chef is $500.18 + $84 + $21 + $256.60

or - - - - - - $861.68

(5 A)

The following table shows the remaining PARANOID PIZZA employees and their remaining salaries. Calculate the payroll tax that YOU must pay for them in each of the four taxing areas. Together with the grand total:

Employees & Yearly salaries	FICA	State Unemployment	Fed Unempl.	Work Comp	Per Person Total Tax
Nighttime Chef $10,280					
Waitress 1 $5,260					
Waitress 2 $4,170					
Waitress 3 $2,850					
Delivery Boy (days) $2,175					
Delivery Boy (nights) $3,780					
Total Tax for Taxing Area					

Grand Total _____

FRANCHISE TAX

This tax is assessed by the State of Ohio to all corporations doing business in this State based on ½ of 1% of the Ohio Net Worth of the corporation, or 4% of the first 25,000 of ohio income plus 8% of all income over $25,000, whichever produces the higher tax.

Problem:

If Ohio net Worth of PARANOID PIZZA is $125,000, and if its Ohio income is $28,500; what amount of franchise would have to be paid to the State of Ohio?

a) ½ of 1% of 125,000

125,000 X .5 or $625

4% of 25,000 + 8% of (28,500 -25,000

25,000 X 4% M+ 28,500 - 25,000 X 8% M+ MR
or $1,280

Answer is $1,280 since it is higher of the two taxes.

Fill in the Chart on the preceeding page by calculating Ohio Franchise Tax for the companies listed. Use the routines from the PARANOID PIZZA example.

	OHIO NET WORTH	OHIO INCOME	OHIO NET WORTH TAX	OHIO INCOME TAX	HIGHER TAX
J. P. Snod Weed Clothes	$25,000	$10,000			
Zitsasil Corporation	52,000	16,000			
Dizzy World Enterprises	125,000	62,000			
Forest Pity Lumber	5,000,000	500,000			
Pick-N-Pilfer Supermarket	260,000	13,500			
Bad Week Tire Company	785,320	52,350			
Japano Shipero	10,870,000	905,800			
Mamaha Motorcycles	520,600	26,030			
Lame Brand Furniture	999,990	39,900			
Cold Circle Discount Store	1,257,300	157,162			

OTHER CORPORATE TAXES

CITY INCOME TAX:

All businesses (corporation or otherwise) in this area (and most areas throughout Ohio) pay a tax on their business profits. In the greater Cleveland Area the tax is 1% .

FEDERAL INCOME TAXES:

Corporations pay federal Income Taxes at the following rates:

20% of the first $25,000 of taxable income.

22% of the first $25,000 of taxable income.

48% of all income of $50,000 per year.

The above are the major taxes affecting business income. There are many other informational or transmittal forms that are required of business by various governmental agencies. Some of these are as follows:

1. Transmittal of Withheld City State & Federal Taxes.
2. Edtimation and Prepayment of most all taxes.
3. State Security Valuation Report.
4. State Resident Investor List and Dividends Paid.
5. Report of Sales and/or Use Taxes.
6. Employee Earnings info - W2's ect.
7. Independent Contractor Payments - Form Reports
8. Wlefare, Pension & Profit Sharing Reports.
8. Business Censurs information ect.

The Following Three Sections of this unit Deal with owning three Different small businesses. Each business has aits own particular SITUATION. The situation is explained on the first page of each unit. Simply, work through each unit keeping in mind the details given in the situation. The problems involve owning your own Repair Shop, Clothing Store, and Fabric Shop. You will be working problems involving estimating times, measures, money, billing, ect. Remember, change all Fractions to Decimals when doing the computations. Use all the little tricks you've learned in previous Units: Approximation, Rounding Off, Routines, Looping, or whatever to solve each problem in the simplest Possible way.

GOOD LUCK AND HAVE FUN -------- MANAGING YOUR OWN BUSINESS!

Situation

1. You own a Fixit Shop.
2. All shop work costs $15 per hour for labor.

Remember: 2 hours 40 minutes is the same as $2\frac{40}{60}$ hours which equals $2\frac{2}{3}$ hours.

Owning a Fixit Shop

	Computation	Answers
1. A shaft built $2\frac{1}{2}$ inches in diameter must be reduced (machined) in diameter to $2\frac{3}{64}$ inches. How much has to be machined off?		_____
2. If the work in problem 1 took a total of $4\frac{1}{2}$ hours to complete, what must the customer pay?		_____
3. Six more shafts need to be repaired. Because of the time involved, the customer will be given a discount of $\frac{1}{12}$ of the total bill. The average time for the repair of each shaft is 4 hours. What is the bill?		_____
4. An auto dealer brought in 4 brake drums for repair. The total time required for repair will take 2 hours and 40 minutes. How much time was spent on each drum?		_____
5. a) If you charged a flat rate of $9 per brake drum in problem 4, would this be more or less than the regular $15 per hour charge?		_____
b) How much more or less per drum?		_____
6. Mrs. Olson needs the tail pipe and muffler replaced on her car. The time required for the job is 2 hours 15 minutes. How much is her bill for the labor?		_____

Owning a Fixit Shop

7. While Mrs. Olson's car was in the shop, you discovered new shock absorbers were needed. The time involved was $\frac{3}{4}$ the time it took for the tail pipe and muffler job. How much was her labor charge for the shock absorbers, tail pipe and muffler?

8. a) Mr. Ellis's pick-up engine is in bad shape and he is trying to decide whether to replace it with a rebuilt motor or have the engine overhauled. You can install a rebuilt motor for $325. You can overhaul the engine in $13\frac{1}{2}$ hours. You will need parts that cost $95 for the overhaul work. Which is the better deal for Mr. Ellis?

   b) How much can Mr. Ellis save?

9. a) During slow periods of time you rebuild transmissions. One type of transmission requires $5\frac{1}{4}$ hours to rebuild while another type takes $7\frac{1}{2}$ hours. If one of your mechanics does both types of work on consecutive days, what is the total time spent?

   b) If your mechanic receives half of the $15 per hour charge as his wages, what will he receive for the two jobs?

Computation

Answers

Owning a Fixit Shop

10. a) A customer brings in his truck to get a trailer hitch installed. You carry a ready-made hitch which you sell for $119.95 plus a $15 installation fee. Also you build custom made hitches. It will take about 6 hours 20 minutes to build and install a custom-made hitch plus $40 for materials. Which costs less, a custom-made hitch or a ready-made hitch?

    b) How much less?

11. Another customer wants a hitch installed on his car. It takes 5 hours and 40 minutes to install a custom-made hitch, plus $42 for materials. If you give the customer a discount of $\frac{1}{12}$ of the total bill, how much will the total bill be?

Computation

Answers

Situation

1. You own a clothing store. It may be a store for women, men, or children or a store with different types of clothing.
2. Your store's annual gross income will be $380,000. *Gross income* is the total amount of money received.
3. You give a 6 percent discount to any customer who spends $200 or more in your store.
4. You allow customers to purchase clothing on credit, but you add a service charge of 18 percent per year on unpaid bills.

Remember: To find the percent of decrease, first find the amount of decrease and then compare this decrease with the original price.

Owning a Clothing Store

	Computation	Answers
1. a) What kind of store did you select?		_____
b) What is the name of your store?		_____
2. *Overhead* refers to the expenses of running a business but does not include the cost of merchandise. Name some overhead expenses.		_____ _____ _____ _____ _____
3. Last year your employees' salaries totaled $86,000. What percent is this of the store's gross income?		_____
4. The national average for salaries is about 22.4 percent of gross income. Is your store above or below the average?		_____
5. You recently purchased clothing at a cost of $83,000, and the manufacturer gave you an 8 percent discount. How much did the merchandise cost?		_____
6. *Gross profit* is the gross income (total money received) less the cost of the merchandise. If you sell the clothes at a 100 percent markup, what will your gross profit be?		_____

Owning a Clothing Store

	Computation	Answers
7. a) Last week the Smith family bought clothes priced at $364. What was their cost after the quantity discount was given?		_____
b) What was the total bill after a 4 percent sales tax was added?		_____
8. John could not decide which of two coats cost less. The suede coat was priced at $120 less a 12 percent discount, and the leather coat was priced at $134 less an 18 percent discount. Which coat will cost less after the discount?		_____
9. Joe has $8.36 and plans to buy socks that cost 68 cents a pair. How many pairs can he buy?		_____
10. You want to sell a discontinued brand of shirt that originally sold for $8.50 each. In order to sell the shirts you reduce the price to $6.20. At what percent discount are you selling the shirts?		_____
11. Bob Jones owes you $216.00. How much interest will you add to Bob's bill at the end of the first year?		_____

Owning a Clothing Store

Computation **Answers**

12. Nancy owes you $196.00. How much interest will you charge her at the end of 9 months?

13. a) What is your annual salary if you decide to pay yourself 4.6 percent of the stores gross income?

    b) What is your salary per month?

14. *Net income* is the money received after deductions. If 23 percent of your gross income is deducted for taxes, what is your net income?

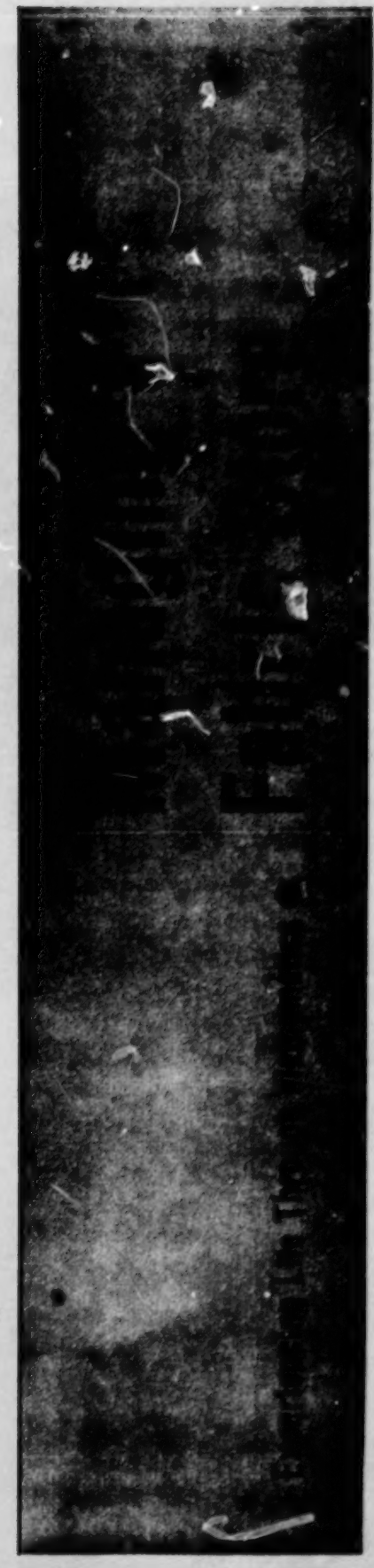
15. If you spend $160 a month for food, what percent of your net income do you spend for food during a year?

Situation

1. You are the manager of a fabric store.
2. A 6 percent sales tax is charged on all purchases except those made by schools and churches.
3. The cardboard tube or bolt on which the fabric is wound weighs 10 ounces. With this information, the weight of the fabric, and the number of yards of fabric, you can find the weight factor. Use this equation:

$$\text{weight factor} = \frac{\text{ounces}}{\text{yards}} = \frac{\text{wt. of fabric}}{\text{no. of yards}} = \frac{\text{wt. of bolt less wt. of tube}}{\text{no. of yards on bolt}}$$

4. You have 4 employees. You and your employees receive a 20 percent discount on all purchases except those on sale.
5. Nineteen percent of each employee's paycheck is withheld for taxes, social security, and company insurance.
6. Your employees earn a 6 percent commission on any sewing machine they sell.
7. For each hour your employees work overtime, they will receive overtime pay of $1\frac{1}{2}$ times their regular wage.



Managing a Fabric Store

Computation

Answers

Part I

1. Select a name for your store.

2. Mrs. Hodges is the home economics teacher at the high school. She buys 26 yards of cotton at $1.98 per yard for curtains needed in her classroom. She also buys 24 yards of lining fabric at 69 cents per yard, and 6 spools of thread at 29 cents each. What is the total amount of her bill?

(Show the goods purchased and the charges on this invoice.)

_____FABRICS
(Name)

Date_____ 19____

Customer's Name _____

Address _____

Quantity	Description	Unit Price	Amount
		subtotal	_____
		sales tax	_____
		Total	_____

19

Managing a Fabric Store

Computation **Answers**

3. Miss Garcia made these purchases at a special sale. Compute her bill making certain to add sales tax if applicable.

   a) 3 yards of a polyester double knit fabric originally priced at $2.98 per yard, on sale at 20 percent off.

   b) $2\frac{1}{3}$ yards of a jersey fabric originally priced at $2.49 per yard, on sale at $\frac{1}{3}$ off.

   c) $4\frac{3}{4}$ yards of corduroy originally priced at $1.59 but marked down (reduced) to 49 cents per yard.

(Show the goods purchased and the charges on this invoice.)

_____ FABRICS
(Name)

Date_____ 19____

Customer's Name _____

Address _____

Quantity	Description	Unit Price	Amount
		subtotal	_____
		sales tax	_____
		Total	_____

Managing a Fabric Store

4. Lillie Ferguson buys fabric and notions for an evening gown. She needs the following:

   A pattern at $1.50.
   $1\frac{1}{2}$ yards of velvet at $5.98 per yard.
   $3\frac{1}{4}$ yards of crepe at $3.49 per yard.
   $\frac{1}{8}$ yard of interfacing at 89 cents per yard.
   1 zipper at $1.20.
   5 buttons at 8 cents per button.
   Thread at 35 cents.
   2 packages of hem tape at 39 cents each.
   $6\frac{1}{8}$ yards of beaded trim at $1.39 per yard.

   What is the total amount of Lillie Ferguson's bill? (Be sure to add sales tax.)

Computation

Answers

(Show the goods purchased and the charges on this invoice.)

_____FABRICS
(Name)

Date_____ 19____

Customer's Name _____

Address _____

Quantity	Description	Unit Price	Amount
		subtotal	_____
		sales tax	_____
		Total	_____

Managing a Fabric Store

Computation

Answers

5. Karen McArthur is planning to be married. She comes into your store to buy all the fabric she will need to make a wedding gown, formals for her two bridesmaids, a dress for the flower girl, and materials to make rice bags. You give Karen a 12 percent discount since all the fabric for the wedding is purchased at your store. The materials she needs are:

   For the wedding gown:

   $7\frac{3}{4}$ yards of satin at $3.79 per yard.
   $5\frac{1}{2}$ yards of lace at $8.98 per yard.
   5 appliques at $1.59 each.

   For 1 of the formals:

   $4\frac{3}{4}$ yards of gingham at $1.98 per yard.
   6 yards of ribbon at 49 cents per yard.

   For the other formal:

   $3\frac{7}{8}$ yards of gingham.
   $5\frac{1}{2}$ yards of ribbon.

   For the flower girl's dress:

   2 yards of gingham.
   3 yards of ribbon.

   For the rice bags:

   $4\frac{3}{4}$ yards of net at 39 cents per yard.
   30 yards of ribbon at 15 cents per yard.

(Show the goods purchased and the charges on this invoice.)

_____ FABRICS
(Name)

Date_____ 19____

Customer's Name _____

Address _____

Quantity	Description	Unit Price	Amount
		subtotal	_____
		sales tax	_____
		Total	_____

Managing a Fabric Store

Part II

1. For inventory purposes, you determine a weight factor on each bolt of fabric in your store. What is the weight factor on the following bolts of fabric?
   a) $16\frac{1}{4}$ yards of polyester double knit with a weight of fabric of $12\frac{1}{4}$ pounds.
   b) $25\frac{3}{4}$ yards of cotton with a fabric weight of 10 pounds and 10 ounces.
   c) $13\frac{3}{4}$ yards of wool with a fabric weight of 14 pounds and 7 ounces.

2. At inventory time you weigh the bolt of fabric. Using the weight factor that has been labeled on the bolt, determine the number of yards on the bolt. Remember that yards equals ounces divided by weight factor.
   a) A bolt of corduroy weighs $13\frac{3}{4}$ pounds and has a weight factor of 9.6 ounces per yard.
   b) A bolt of denim weighs 16 pounds and 5 ounces and has a weight factor of 14.7 ounces per yard.
   c) A bolt of gingham weighs $10\frac{3}{4}$ pounds and has a weight factor of 14.7 ounces per yard.

3. a) Andrea is one of your employees. She makes $2.25 per hour. If she works 40 hours each week, how much will she earn?
   b) If she is paid twice a month, what will her take-home pay be? Remember that 1 month is equal to $4\frac{1}{3}$ weeks.

Computation

Answers

Managing a Fabric Store

Computation **Answers**

4. If Andrea buys $3\frac{7}{8}$ yards of quilted dacron at $2.19 per yard, 2 patterns at $1.10 each, 3 cards of buttons at 60 cents each and 2 remnants on sale at $\frac{1}{2}$ price ($\frac{7}{8}$ yard of velour and $\frac{3}{4}$ yard of cotton knit originally both priced at $2.49), what is her total bill? Remember that employees do not receive a discount if the items purchased are on sale.

(Show the goods purchased and the charges on this invoice.)

_____ FABRICS
(Name)

Date_____ 19____

Customer's Name _____

Address _____

Quantity	Description	Unit Price	Amount
		subtotal	_____
		sales tax	_____
		Total	_____

5. Your assistant manager, Marie, works a 40-hour week and earns $3.00 per hour. During the last month, she sold a sewing machine for $119.95.

   a) What will be her commission on the sewing machine? _____

   b) What will be her gross income for the month? _____

Managing a Fabric Store

Computation	Answers

6. Alicia works part-time. During the last four weeks she worked the following hours: $32\frac{1}{2}$ hours, $29\frac{3}{4}$ hours, $16\frac{1}{4}$ hours, $25\frac{1}{2}$ hours.

   a) On an average, how many hours per week does she work? _____

   b) If Alicia earns $1.60 per hour, what is her average weekly take-home pay? Remember to deduct for taxes. _____

7. Johnny works for you part-time as janitor and general fix-it man. He earns $1.75 per hour and, for the past 3 weeks, has worked the following hours: 9.5 hours, 10.0 hours, and 7.5 hours.

   a) How many working hours does Johnny average per week? _____

   b) Using this average, what can Johnny expect to earn by the end of the month? Remember that 1 month is $4\frac{1}{3}$ weeks. _____

8. a) You earn a salary of $784 every 4 weeks. What is your take-home pay if you are paid every two weeks? _____

   b) If you buy 3 yards of flannel at 59 cents per yard, and $2\frac{3}{8}$ yards of linen at $3.29 per yard (neither of which is on sale), how much will you pay? _____

   c) If you pay for this purchase from your paycheck, how much money will you take home? _____

INVESTMENTS

Retirement Time. Men and women alike think about it and hope to have a secure retirement with a lot of travel. In order for this to happen a man or woman can't just hope, they have to plan for it. The government has set up social security to ehlp people in their planning but that isn't good enough. A lot of people living on social security are just one step above poverty. So, a man or woman has to have a plan for saving money. They can do this by putting money in a bank or savings and loan, or they can invest their money. They have a choice of investing in stock or preferred stock.

Many people find it more profitable to invest part of their savings in stocks or bonds, which often pay a higher return on their investments than do savings accounts. There is also a greater risk with investing in stocks and bonds rather than putting it into a savings account. A bond is less risk than a stock because if a company declares bankruptcy it pays off its bond holders first, its preferred stock holders second, and its common stock holders last. A bond is a written promise by a corporation or a government to pay a certain amount of money at a stated timeto the holder of the bond, and in the meantime, to pay a fixed rate of interest at regular intervals. A bond is a promissory note, and like other promissory notes, it may be secured by collateral or merely by the signature of the officers of the corporation.

Interest on a bond is always a certain percent of the face value. Thus a $1000 bond at ç5 pays $60 interest--annually. Payments are usually made semiannually. In this case $30 would be paid every six months. Accrued interest on a bond is the interest that has been earned since the last interest payment.

Use your calculator to solve the following bond problems. Remember Change all fractions to decimals.

1) On September 15 Mr. Brown purchased from Mr. Adams a $1000-6% bond issued by the Northern Pacific Railroad. Interest is paid January 1 and July 1. On January 1, Mr. Brown will collect the interest earned since July 1. The interest that Mr. Brown should pay Mr. Adams when he purchases the bond is?

2) Mr. Skitch owns a $1000 5% bond, paying interest March 15 and September 15. What is the annual income from the bond? How much is each payment?

3) Mr. Jones has five $1000 5½% bonds of the United States Steel Company, paying interest annually semiannually. How much is each payment?

4) Mr. Edwards owns Three $1000 4½% bonds of the Northern Mississippi Valley Freight Company, paying interest semiannually. How much is each payment?

5) Mrs. Johnson owns two $1000 4½% United States Bonds that pay interest on April 1 and October 1. What is the interest paid on each bond at each payment.

Interest on each of the following bonds is paid semiannually. Calculate the amount of each payment.

6) A $1000 4% bond
7) A $500 7% bond
8) A $5,000 6½% bond
9) A $2000 4½% bond
10) A $6,000 3½% bond
11) A $4000 2% bond
12) A 10,000 6% bond
13) A $3,000 2½ bond